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|  | **The Council of the City of New York**  **Finance Division**  **Latonia McKinney, Director**  **Fiscal Impact Statement**  **Proposed Intro. No: 1167-A**  **Committee: Housing and Buildings** |
| **Title:** A Local Law to amend the administrative code of the city of New York, in relation to posting of a vacate order, re-occupancy of vacated dwellings, and the provision of relocation services | **Sponsors:** Council Members Torres, Richards, Williams, Chin, Barron, Rose, Gentile, Koslowitz, Salamanca, Cornegy, Gibson Espinal, Levin, Reynoso, Rosenthal, Rodriguez and the Public Advocate (Ms. James) |

**Summary of Legislation:** Proposed Intro. 1167-A would prohibit the Department of Housing Preservation and Development (“HPD”) from imposing a time limitation on a tenant’s ability to apply for relocation services when a vacate order is in effect.

This legislation would also require posting of a sign at properties subject to a vacate order and would impose a penalty of at least $5,000 for each dwelling unit that is reoccupied while a vacate order is still in effect.

**Effective Date:** This local law would take effect 180 days after it becomes law, except that HPD may take any actions necessary, including the promulgation of rules, before such effective date.

**Fiscal Year In Which Full Fiscal Impact Anticipated:** Fiscal 2019

**Fiscal Impact Statement:**

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|  | **Effective FY18** | **FY Succeeding Effective FY19** | **Full Fiscal Impact FY19** |
| **Revenues** | $3,993,375 | $4,792,050 | $4,792,050 |
| **Expenditures** | $8,640,218 | $10,368,262 | $10,368,262 |
| **Net** | $4,646,843 | $5,576,212 | $5,576,212 |

**Impact on Revenues:** It is estimated that there would be some impact on revenues as a result of this legislation. Council Finance expects that HPD will be reimbursed for $4,498,565 in costs related to relocation assistance by State and Federal funds. HPD may also be able to recoup additional expenses incurred from relocation services through a mechanics’ lien, provided under section 26-301 of the Administrative Code of the City of New York. Currently, HPD recoups about 5 percent of those costs which would account for about $293,485. However, it is possible that HPD may be able to increase the percentage of collection, in which case revenue would increase. Although fines could be imposed for non-compliance, full compliance with the legislation is anticipated and it is assumed that properties subject to a vacate order are already in compliance with provisions of the legislation.

**Impact on Expenditures:** This legislation is intended and expected to increase the number of tenants eligible to receive relocation services from HPD. Currently, HPD provides a 90-day time period for tenants who are displaced by a vacate order to apply for relocation payments and services, which this legislation would remove. According to the City, on average, about 2,300 tenants are required to leave their residences due to vacate orders each year. Council Finance estimates that currently, about 40 percent of these individuals apply for and receive relocation assistance from HPD within 90 days. Thus, this estimate assumes the remaining 60 percent of tenants displaced through a vacate order would be the universe of potential recipients under this bill. However, not all tenants served would require services through HPD’s relocation program, the major cost of which includes emergency shelter rental assistance ranging from $50 to $200 per night. In addition, Council Finance estimates that of the population that would now be eligible and request relocation services under this bill, many would have applied for or have already been admitted into a shelter administered by the New York City Department of Homeless Services (DHS). As those DHS costs would occur in the absence of this bill, the estimate assumes the marginal cost of HPD shelter costs over the average DHS shelter costs. Based on the assumptions outlined above, it is estimated that the provision of relocation services to a larger population of tenants would be approximately $10,368,262 per year. It is anticipated that the written notices and other administrative requirements of this legislation would be implemented using existing resources.

**Source of Funds To Cover Estimated Costs:** General Fund

**Source of Information:** New York City Council, Finance Division

New York City Department of Housing Preservation and Development

Mayor’s Office of Legislative Affairs

**Estimate Prepared by:** Emre Edev, Assistant Director

Sarah Gastelum, Senior Legislative Financial Analyst

**Estimated Reviewed by:** Chima Obichere, Unit Head

Nathan Toth, Deputy Director

Eric Bernstein, Counsel

**Legislative History:** This legislation was introduced to the full Council on April 20, 2016 as Intro. No. 1167 and was referred to the Committee on Housing and Buildings. A joint hearing was held by the Committee on Housing and Buildings and the Committee on General Welfare on October 6, 2016 and the bill was laid over. The legislation was subsequently amended, and the amended version, Proposed Intro. 1167-A, will be considered by the Committee on Housing and Buildings on January 31, 2017. Following a successful Committee vote, the bill will be submitted to the full Council for a vote on February 1, 2017.

**Date Prepared:** January 30, 2017